
Order Execution Policy

1. Introduction

This document explains Sucden Financial Hamburg GmbH ("SFH") approach to providing Best Execution in accordance with the regulatory requirements set out in the Markets in Financial Instruments Directive.

Best Execution is the term used to describe the obligation to ensure that all sufficient steps are taken to achieve the most favourable terms for the client, when either executing trades or passing orders to be executed. To do this, firms should take into account execution factors such as price, costs, speed, likelihood of execution and settlement, size, nature or any other consideration relevant to the execution of an order. Best execution does not mean that we can guarantee that the best price will be achieved for every single client order. However, we will look to ensure that we are acting in the best interests of our clients.

Aside from the explicit Best Execution rules explained in this policy, we have an overriding duty to act honestly, fairly and professionally in accordance with the best interests of our clients. It is under this duty that, even for activities or products that are technically outside of the Best Execution regime, we always endeavour to act in the best interests of our clients.

We do not owe you any fiduciary responsibilities as a result of the matters set out in this policy, over and above the specific regulatory obligations placed upon us, or as contractually agreed with you.

2. Scope

2.1 Financial Instruments

This policy only applies with respect to Financial Instruments within the scope of MiFID. For the purposes of this policy, Financial Instruments do not include spot FX and physical commodities. The application of this policy to particular types of financial instruments is described further in Annex 1.

2.2 Clients

SFH does not provide investment services to retail clients.

SFH will apply Best Execution to transactions with professional clients dealing in Financial Instruments where it accepts an order or where it has expressly agreed to provide Best Execution.

This policy does not apply to Eligible Counterparties; accordingly, we will not owe Best Execution in transactions entered into with Eligible Counterparties. However, this does not diminish SFH's obligation to act honestly, fairly and professionally and to communicate in a way that is fair, clear and not misleading when dealing with Eligible Counterparties.

2.3 How SFH determines whether Best Execution is owed to a client

We will assume that we are acting on behalf of a professional client and owe Best Execution under the following circumstances:

- i. Agency or matched principal trading: When we receive an order from a professional client and we execute that order on a Matched Principal Trading basis or by acting as the agent of the professional client;
- ii. Dealing on own account or acting as principal: When entering into a transaction with professional client on a principal basis, to those professional clients who place a Legitimate Reliance on us to protect their interests

2.4 Legitimate Reliance

SFH may deal as principal with the professional client, for example where the professional client has accepted a quote provided by SFH. The quotes given are SFH's prices and are not necessarily representative of the best prices in the market.

SFH will consider whether there are any situations where a Professional Client may be placing a legitimate reliance on SFH for Best Execution by considering the following factors:

- a. **whether we or the professional client initiates the transaction** – where the professional client initiates the transaction, this suggests that it is less likely that the professional client will be placing reliance on us;
- b. **shop around** - if market practice is to obtain quotes from various sources then there is less reliance on SFH for the pricing and other elements relating to the execution quality of the transaction;
- c. **the relative levels of transparency within a market** - if SFH has ready access to prices in the market in which it operates, whereas the professional client does not, it is more likely that the client will be placing reliance on SFH, whereas if the client's access to pricing transparency is broadly equivalent, it is less likely that the professional client will be placing reliance on SFH; and
- d. **the information provided by SFH and any agreement between SFH and the professional client** – in circumstances where SFH's terms of business or this policy state that SFH will not provide Best Execution, the professional client is less likely to place reliance on SFH.

These considerations have been referred to by the ESMA as the four-fold legitimate reliance test. If the professional client is deemed to be placing legitimate reliance on SFH after considering the factors above, this policy will be applied to the relevant quotes accepted by professional clients.

Based on the above, for the quote driven activity conducted by SFH with professional clients the presumption is that there is no legitimate reliance from the professional client for SFH to provide Best Execution. However, we will still be required to treat you fairly and to manage any conflicts of interest that may arise.

Even where the Best Execution obligation does not apply, SFH must act honestly, fairly and professional in accordance with your best interests.

2.5 Specific Instructions

When we receive a Specific Instruction from a professional client as to how we should execute an order (or a particular aspect of an order) and we accept the specific instruction, we will execute the order in accordance with the Specific Instruction. A Specific Instruction in respect of a particular aspect of an order includes where the professional client instructs us to execute the order on a particular venue, at a particular time or at a particular price.

When we execute an order (or the relevant aspect of the order) in accordance with a Specific Instruction, SFH satisfies its obligation on that aspect of the order to provide Best Execution. Nevertheless, Best Execution still applies on all aspects of the order (if any) not covered by the Specific Instruction.

Specific Instructions from a professional client may prevent SFH from taking certain steps set out in this Policy that have been designed to achieve the most favourable terms for the professional client; but only in relation to the parameters of the trade that those Specific Instructions cover.

3. Best Execution scenario analysis

SFH is limited in its choice of Execution Venues due to the nature of the base metal contracts it trades. Electronic LME exchange trading is conducted on the LME central order book and trading is anonymous with prices published to ensure transparency. Where a professional client requests a quote for a base metal order from SFH, they will not be deemed to place significant reliance on SFH because of the high levels of market transparency available to the majority of professional clients, and the market convention for professional clients to “shop around”.

Professional clients should note that the LME's market model enables SFH to operate on both a proprietary basis and on behalf of its professional clients at the same time, and by the same traders. This means that when trading with a professional client, SFH can fill the client directly from their own proprietary trading book, rather than going to the central market, and thus act both on behalf of the professional client and their proprietary interest at the same time. In this context, SFH is acting in “dual capacity”. The nature of the contracts traded by SFH with the professional client, and SFH with the market, may be different. This differs from “agency execution”, whereby SFH solely acts on behalf of the professional client in the central market.

Professional client orders in less liquid prompt dates and requests for quotes are generally executed under the dual capacity model. The complexity of the LME prompt date structure, and the lack of liquidity in the central market for parts of the structure mean that this dual capacity model allows SFH to directly provide its professional clients with liquidity. Professional clients should note that as a natural consequence of the dual capacity model – SFH may eventually be able to hedge the risk at a more attractive price than that offered to its professional clients. Equally, SFH may end up hedging the risk at a less attractive price than that offered to its professional clients. SFL accepts this risk as part of this operating model and does not act in any way that would transfer this pricing risk back to the client.

SFH may act in a particular manner depending on a number of circumstances, including the size of the order, the liquidity of the market at the time the order was placed, and (in relation to professional client's business), not least, the professional client's instructions. SFH may fill professional client orders from its own "book" or following the purchase/sale of contracts in the LME market, or a combination of the two. SFH will only act in a dual capacity where it is deemed to be in the best interest of its professional clients.

4. How SFH provides Best Execution

4.1 Execution factors

In order to achieve Best Execution when execution an order on behalf of a professional client, SFH will take into account the following execution factors:

- available price in the market;
- transaction costs (including commission, execution, clearing and settlement costs);
- speed of execution;
- the likelihood of execution and settlement (depending on liquidity in the particular market);
- the size and nature of the transaction; and
- any other consideration that SFH deems to be relevant to the execution of that transaction.

4.2 Price slippage

Market volatility may result in the price of a Financial Instrument moving significantly from the time you place an order to the time of order execution. We will endeavour to reflect such price movements, whether positive or negative, fairly in the price provided to you.

4.3 Execution criteria

SFH takes into account the following criteria when determining the relative importance of the abovementioned execution factors:

- characteristics of the professional client;
- characteristics of the professional client's order (e.g. market, limit, stop);
- characteristics of the financial instrument(s); and
- characteristics of the Execution Venues to which the order can be directed.

Subject to any Specific Instructions, considering the criteria above, SFH generally regards price as being the most important execution factor when seeking to obtain the best possible outcome for professional clients. The remaining execution factors are generally given equal ranking. However, in certain circumstances SFH may decide in its absolute discretion that the other factors mentioned above are more important than price.

5. Execution Venues

5.1 Types of Execution Venues

Execution Venues include:

- regulated markets, multilateral trading facilities and organized trading facilities (each a “Trading Venue”);
- SFH, where we internalise order (either acting as principal or as matched principal trading basis);
- Systematic Internalisers;
- market makers and other liquidity providers; and
- an entity that performs a similar function in a third country to any of the above.

Execution Venues can include venues of which we are a direct member or participant and venues that we access through other counterparties or dealers.

As set out above, SFH may execute orders internally. These orders will only be internalised when it is determined, in accordance with this policy and taking into account potential conflicts of interest, that SFH is the appropriate Execution Venue. Orders will be internalised when, after consideration of the execution factors, SFH's internal execution is expected to provide the best result for the professional client.

A list of the most common Execution Venues for each relevant product is available in Annex 2. This is not an exhaustive list and SFH reserves the right to use other Execution Venues subject to Section 6 of the Policy.

5.2 Single Execution Venue

SFH's choice of venue may be constrained by the fact that there may be only one venue where an order can be executed due to the nature of the professional client's order or requirements.

5.3 Counterparties and affiliates

When executing your order, SFH may use affiliates or counterparties (“Counterparties”) to provide access to markets where we otherwise may not be able to execute or where we believe it to be in your best interests to do so, for example, to source liquidity. Counterparties, to whom SFH transmit orders for execution, are selected by SL after a thorough due diligence process.

6. Selection of Counterparties, Trading Venues and Execution Venues

6.1 Factors used to select an Execution Venue of a professional client order

SFH regularly assesses whether the Execution Venues it accesses, and the counterparties to whom SFH transmits professional client orders continue to provide the best possible outcome for professional clients.

The following factors are assessed during the selection of Counterparties, Trading Venues and other Execution Venues:

- type of execution service;
- type of instruments executed by the venue or counterparty;
- details of any liquidity analysis undertaken;
- explicit and implicit costs of execution;
- details of any comparison against other venues and counterparties;
- SFH's ability to monitor the delivery of Best Execution; and
- whether any inducement has been offered to SFH during the period of selection.

The following factors are assessed during the monitoring of an existing venue or counterparty:

- details of any complaints regarding the quality of execution by the venue or counterparty;
- details of any monitoring against other venues, counterparties or appropriate benchmarks;
- details of any changes in the agreed remuneration structure; and
- details of any changes to the costs of execution.

6.2 Executing orders outside a trading venue

In providing Best Execution on financial products admitted to trading on a Trading Venue, we may, when considering the execution Factors, decide to execute a professional client order outside a Trading Venue. Execution of orders outside a Trading Venue enables you to access additional liquidity sources but doing so may give rise to additional risks such as the counterparty risk. SFH will only execute a professional client order outside a Trading Venue if that professional client has provided their prior express consent and we continue to act in the best interests of the professional client by doing so.

6.3 Execution costs

SFH will provide professional clients with a single “all-in” price that includes:

- the price of the financial instrument (including any bid/offer spread);
- the execution costs (including venue fees, clearing and settlement fees and other fees paid to third parties involved in the execution of the transaction); and
- any commission or mark-up charged by SFH.

The commission or mark-up charged by SFH may take into account any of the following factors:

- the type of client (institutional, producer,);
- the level of service required;
- the frequency of trading;
- the source and type of trade flow;
- the client’s credit line requirements;
- the client’s margin requirements;
- the client’s pricing requirements; and
- the technology required.

SFH will provide professional clients with a breakdown of the costs and fees associated with a given transaction upon request.

7. Order aggregation and allocation

SFH needs to ensure that clients are treated fairly where orders are aggregated. SFH permits the aggregation of client orders with house account orders or with the orders of other clients, and the subsequent allocation of the fills amongst the parties concerned, provided that:

- the trader aggregating the orders ensures that it is unlikely that aggregation will work overall to the disadvantage of each of the professional clients concerned; and
- it is disclosed to each professional client whose order is to be aggregated that the effect of aggregation may work to its disadvantage in relation to a particular order; and
- the subsequent allocation of fills is carried out fairly, with no unfair preference being given to any one professional client; and
- orders for professional clients are given priority over orders filled for the house account; and
- the allocation is completed on a timely basis and before close of business on the day that the orders were received.

For the avoidance of doubt, all five of the conditions listed above must be met in order to aggregate and subsequently allocate professional client orders.

7.1 Volume, price and partial executions

An aggregated order which is executed in its entirety shall be allocated at the average price. Where two or more professional client orders are aggregated but the order could only be executed in part, the volume that was executed shall be allocated proportionally at the average price. Where a professional client order is

aggregated with a proprietary order from SFH and it could only be executed in part, the professional client shall have priority over SFH.

8. Prohibited practices

SFH must not receive any remuneration, discount or non-monetary benefit for routing orders to a particular Execution Venue as this could give rise to a conflict of interest between the benefit received by Sucden and its obligation to achieve the most favourable terms for the professional client.

SFH may source liquidity using third party liquidity providers, including market makers. Payment for Order Flow (PFOF) is the practice of an investment firm which executes client orders (as a counterparty) receiving commission both from the client originating the order and also from the counterparty with whom the trade is then executed (the market maker). SFH will not enter into PFOF arrangements.

9. Monitoring

i. First line of defence

The trading desk is SFH's first line of defence and each desk is responsible for monitoring the performance of their Execution Venues. Each desk follows the procedure set out in this policy for selecting and monitoring the performance of Execution Venues and Counterparties.

ii. Second line of defence

The Audit and Compliance Committee is SFH's second line of defence and oversees the following monitoring programme:

- electronic monitoring – an automated surveillance system will identify situations where the house trades ahead of a client at the same or better price. The compliance department will investigate these alerts to determine whether or not the client received Best Execution;
- manual trade sampling – trades will be selected at random and assessed to determine whether or not the client has received Best Execution;
- execution Venue reviews – a member of the compliance department will periodically assess the Execution Venue reviews completed by each desk to ensure they are adhering to the requirements set out in this policy.

iii. Third line of defence

The final defence of this policy comes from the internal audit function who will review compliance in accordance with their audit plan methodology.

10. Review of policy

SFH will review this policy annually, or whenever there is a Material Change that affects SFH's ability to achieve Best Execution for its professional clients or adhere to any other aspect of this policy. A change is material where its disclosure is necessary to enable the professional client to make a properly informed decision about whether to continue utilising the services of the firm.

11. Demonstrating best execution

Professional clients have the right to request a Transaction Cost Analysis ("TCA") which is a written explanation of how your trade met our Best Execution policy. Where SFH receives such a request it will endeavour to respond within 20 business days.

12. Significant definitions

Best Execution is the term used to describe the obligation to ensure that all reasonable steps are taken to achieve the most favourable terms for the client, when either executing trades or passing orders to be executed.

DEA means direct electronic access, which is an arrangement where SFH permits a client to use its trading ID to electronically transmit orders relating to a Financial Instrument to a trading platform.

Eligible Counterparties means investment firms, credit institutions, insurance companies, UCITS and their management companies, pension funds and their management companies, and other financial institutions authorised or regulated under Community legislation or the national law of a Member State as described in COBS 3.6.

Execution Venue is the term used to describe the Regulated Market, MTF, Systematic Internaliser, OTF or any other Liquidity Provider where SFH executes an order on behalf of a client.

Financial Instruments means the instruments listed in Annex 1.

Legitimate Reliance when SFH enters into a transaction with a professional client who legitimately relies on SFH to protect their interests.

Liquidity Provider means an institution which acts as a market maker in a given financial instrument.

Matched Principal Trading means a transaction where SFH interposes itself between the buyer and the seller to the transaction in such a way that it is never exposed to market risk throughout the execution of the transaction, with both sides executed simultaneously, and where the transaction is concluded at a price where SFH makes no profit or loss, other than a previously disclosed commission, fee or charge for the transaction.

Material Change means a change where its disclosure is necessary to enable the client to make a properly informed decision about whether to continue utilising the services of the firm. Examples of a Material Change would include, but are not limited to,: (i) a change to SFH's business model; (ii) the introduction of a new product range; (iii) the introduction or withdrawal of a trading desk; or (iv) the implementation of a new trading platform.

MTF means a multilateral system, operated by an investment firm or a market operator, and which brings together multiple third-party buying and selling interests in financial instruments - in the system and in accordance with non-discretionary rules - in a way that results in a contract.

OTF means a multilateral system that is not a RM or MTF

Payment for Order Flow (PFOF) means the practice of an investment firm which executes client orders (as a counterparty) receiving commission both from the client originating the order and also from the counterparty with whom the trade is then executed (the market maker).

Professional Clients means a client that meets the criteria laid down in Section 67 Securities Trading Act – WpHG).

Regulated Market a multilateral system operated by and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments – in the system and in accordance with its nondiscretionary rules – in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with the provisions of Title III of MiFID II.

Retail Clients means a client who is not a Professional Client or an Eligible Counterparty

Specific Instructions means an instruction in relation to an entire order, or any particular aspect of an order, including selecting to execute on a particular venue.

Systematic Internaliser means an investment firm which, on an organised, frequent and systematic basis, deals on its own account by executing client orders outside a regulated market or MTF.

Trading Venue means RMs, MTFs and/or OTFs.

13. Publication

A copy of the current version of this Policy will be made available on the Sucden website and available on request.

This Policy was published with an effective date of 1 January 2025.

Annex 1

Financial Instruments within scope of this policy

The Best Execution obligation applies to the following Financial Instruments as defined in MiFID:

- transferable securities, including:
 - (a) shares in companies or other securities equivalent to shares in companies or other entities, including depository receipts in respect of shares,
 - (b) bonds or other forms of securitised debt, including depository receipts in respect of such securities, and
 - (c) any other securities giving the right to acquire or sell any such transferable securities or giving rise to a cash settlement determined by reference to transferable securities, currencies, interest rates or yields, commodities or other indices;
- money-market instruments, including treasury bills, commercial paper and certificates of deposit;
- units in collective investment undertakings;
- derivatives relating to securities, equities, currencies, interest rates or yields, or other derivatives instruments, financial indices or financial measures;
- cash settled derivatives relating to commodities;
- derivatives relating to commodities that can be physically settled provided that they are traded on a regulated market or MTF;
- credit derivatives;
- financial contracts for differences; and
- derivatives over climatic variables, freight rates, emission allowances or inflation rates or other official economic statistics or other assets, rights, obligations, indices and measures.

Best Execution does not apply to the following (non-exhaustively):

- spot foreign exchange and commodity transactions;
- loans and deposits;
- commodity derivatives that can only be physically settled and are not traded on a regulated market or MTF, and other derivatives which are for commercial purposes which do not comply with particular criteria (such as derivatives on emission allowances not traded on a regulated market nor cleared through a central clearing house and for which there are no regular margin calls); and
- exercise and assignment of options.

Annex 2

Execution Venues

LONDON METAL EXCHANGE